

**PROPERTY TAX EXEMPTION FOR WATER
FACILITIES**

2010 GENERAL SESSION

STATE OF UTAH

LONG TITLE

General Description:

This bill modifies Revenue and Taxation provisions relating to property tax exemptions.

Highlighted Provisions:

This bill:

- ▶ enacts a property tax exemption for:
 - water rights, reservoirs, pumping plants, ditches, canals, pipes, flumes, and other water infrastructure if owned by a nonprofit entity and used within the state to irrigate land, provide domestic water, or provide water to a public water supplier;
 - land occupied by certain water facilities if the land is owned by the nonprofit entity that owns the facilities; and
 - land adjacent to certain water facilities if the land is owned by the nonprofit entity that owns the facilities and the land is reasonably necessary for the maintenance or for otherwise supporting the operation of the facilities; and
- ▶ enacts definitions for "domestic water" and "other water infrastructure."

Monies Appropriated in this Bill:

None

Other Special Clauses:

This bill provides a contingent effective date of January 1, 2011.

Utah Code Sections Affected:

AMENDS:

59-2-1111, as repealed and reenacted by Laws of Utah 1988, Chapter 3

Be it enacted by the Legislature of the state of Utah:

Section 1. Section **59-2-1111** is amended to read:

59-2-1111. Exemption of property used for irrigation purposes.

(1) Water rights, ditches, canals, reservoirs, power plants, pumping plants, transmission lines, pipes, and flumes owned and used by individuals or corporations for irrigating land within the state owned by those individuals or corporations, or by the individual members of the corporation, are exempt from taxation to the extent that they are owned and used for irrigation purposes.

(2) (a) As used in this Subsection (2) and for purposes of Article XIII, Sec. 3 of the Utah Constitution:

(i) "Domestic water" means water used for a residential or commercial application, including the outdoor watering of vegetation.

(ii) "Other water infrastructure" means property, other than a reservoir, pumping plant, ditch, canal, pipe, or flume, whose use is physically necessary in the production, treatment, storage, or distribution of water.

(b) If owned by a nonprofit entity and used within the state to irrigate land, provide domestic water, or provide water to a public water supplier, the following are exempt from taxation:

(i) a water right;

(ii) a reservoir, pumping plant, ditch, canal, pipe, and flume; and

(iii) other water infrastructure.

(c) Land occupied by a reservoir, ditch, canal, or pipe that is exempt under Subsection (2)(b)(ii) is exempt if the land is owned by the nonprofit entity that owns the reservoir, ditch, canal, or pipe.

(d) Land immediately adjacent to a reservoir, ditch, canal, or pipe that is exempt under Subsection (2)(b)(ii) is exempt if the land is:

(i) owned by the nonprofit entity that owns the adjacent reservoir, ditch, canal, or pipe;
and

(ii) reasonably necessary for the maintenance or for otherwise supporting the operation of the reservoir, ditch, canal, or pipe.

Section 2. **Effective date.**

This bill takes effect January 1, 2011 if the amendment to the Utah Constitution

63 proposed by H.J.R.____, Joint Resolution on Property Tax Exemption for Water Facilities, 2010
64 General Session, passes the Legislature and is approved by a majority of those voting on it at
65 the next regular general election.

Legislative Review Note
as of 11-19-09 1:32 PM

Office of Legislative Research and General Counsel